

F. TFFR ENDS

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POLICY TYPE: TFFR ENDS

POLICY TITLE: *MISSION*

The mission of TFFR, a trust fund, is to advocate for, develop, and administer a comprehensive retirement program for all trust fund members within the resources available.

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.

POLICY TYPE: TFFR ENDS

POLICY TITLE: GOALS

1. To provide a replacement income equal to 60 percent of the final average salary of a career employee who has 30 or more years of credited service.
2. To provide ad hoc biennial benefit increases and 2% guaranteed annual benefit increases to retired members and beneficiaries to provide income protection and assist retirees in accessing affordable health insurance.
3. To continue providing statewide preretirement planning services and benefits counseling to members.

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.

TFFR Amended: August 29, 1996; March 6, 1998; September 23, 1999;
January 25, 2001.

POLICY TYPE: TFFR Ends

POLICY TITLE: Plan Beneficiaries

TFFR beneficiaries are:

1. Plan Members:

- a. Active - All persons who are licensed to teach in North Dakota and who are contractually employed in teaching, supervisory, administrative, or extracurricular services:
 - Classroom Teachers
 - Superintendents, Assistant Superintendents, County Superintendents
 - Business Managers
 - Principals and Assistant Principals
 - Special Teachers
 - Superintendent of Public Instruction, Assistant Superintendents, and Supervisors of Instruction, unless transferred to NDPERS
 - Professional staff of State Board for Vocational Education and Division of Independent Study
 - Other persons or positions authorized in state statutes
- b. Annuitants - All persons who are collecting a monthly benefit:
 - Retirees
 - Disabilitants
 - Survivors/Beneficiaries
- c. Inactive members:
 - Vested
 - Nonvested

2. Employers:

- a. School Districts
 - b. State Institutions and agencies defined in state statutes
3. Other TFFR participating employers

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.

Amended: July 27, 2000; July 24, 2003.

POLICY TYPE: TFFR Ends

POLICY TITLE: Membership Data and Contributions

Ensure the security and accuracy of the members' permanent records and the collection of assessments/contributions from every governmental body employing a teacher.

Accordingly, the administrative means will be to:

1. Retain member documents applicable to the retirement program.
2. Safeguard TFFR database files maintained on the state's mainframe computer system.
3. Protect the confidential information contained in member files.
4. Continue the development of the image processing system as a means for storing and working with member documents.
5. Collect the assessments and contributions from the employers after the salary is earned by the member.
6. Monitor the employer reporting process including the timely filing of information, consistency of month-to-month data, and changes in the employer payment of member assessments.
7. Review the individual member data and service credit (transmitted with the payment) for accuracy.
8. Post and validate the data received from the employer to the individual accounts.
9. Mail annual statements to every member.
10. Summarize the teacher data reported and notify the employers of the year-to-date information.
11. Ensure that individuals employed as "teachers" in North Dakota school districts, political subdivisions, and state institutions are reported to TFFR in compliance with the NDCC.
12. Provide publications and reporting instructions to employers on TFFR.
13. Transfer the assessments and contributions to the investment program in a timely manner.

POLICY TYPE: TFFR Ends

POLICY TITLE: Membership Data and Contributions

Monitoring (Method, Responsibility, Frequency)

- Internal Report
 - Disclosure of compliance to the Board from RIO's internal auditors. The Internal Audit (IA) program is designed to review the districts on a five-year cycle.
 - Compliance for individual accounts is monitored through internal audits of staff compliance with state laws, rules, Board policy, and procedures.
- External Report
 - Disclosure of compliance to the Board by RIO's external auditors as a part of the annual audit.
 - Disclosure of compliance to members through annual statements.

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.

Amended: July 18, 2002

POLICY TYPE: TFFR ENDS

POLICY TITLE: *INVESTMENTS*

The Ends to be achieved regarding the investment of TFFR funds are outlined in the **Investment Policy Statement**.

TFFR Board Adopted: November 30, 1995.

SIB Accepted: February 23, 1996.

TFFR Board Amended: August 29, 1996, November 18, 1999; July 27, 2000.

POLICY TYPE: TFFR Ends

POLICY TITLE: Member Services

Provide direct services and public information to members of TFFR.

Accordingly, the administrative means will be to:

1. Enroll, update, maintain, and certify all member accounts.
2. Respond to member inquiries on the retirement program.
3. Provide statewide benefits counseling services to members through one-on-one sessions.
4. Make group presentations and distribute information at conferences and conventions throughout the state.
5. Coordinate and conduct preretirement and financial planning programs for members on a statewide basis.
6. Certify eligibility for TFFR benefits and purchase of service credit.
7. Calculate and process claims for refund, retirement, disability, survivor, and QDRO benefits, as well as claims for purchasing credit.
8. Allow members to use all optional forms of payment under the Level Income Plan (except Partial Lump Sum Option.)
9. Permit members to change designated beneficiaries in the event of life occurrences identified in the administrative rules.
10. Close retirement accounts of deceased teachers.
11. Develop and distribute information to the members on the retirement program and related topics through newsletters, annual reports, member handbooks, brochures, and retirement planning guides/workbooks.
12. Support a nation-wide, toll-free telephone number for members contacting the Fund.
13. Maintain a website for TFFR information to provide members with a greater variety of access methods.

POLICY TYPE: TFFR Ends

POLICY TITLE: Member Services

Monitoring (Method, Responsibility, Frequency)

- Internal Report
 - Disclosure of compliance to the Board through internal audits on compliance with laws, rules, and policies.
 - Periodic presentations by staff at Board meetings.
- External Report
 - Receive annual reports from leadership of groups representing the plan's beneficiaries.
 - RIO's annual audit by independent auditor.
 - Written and oral communication with Board members from teachers regarding payment and processing of benefit claims.

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.

Amended: July 27, 2000; July 24, 2003.

POLICY TYPE: TFFR Ends

POLICY TITLE: Account Claims

Ensure the payment of claims to members of TFFR.

Accordingly, the administrative means will be to:

1. Pay retirement benefits based on a presumed final salary for members retiring upon completion of their teaching contract and whose final salary has not been reported to TFFR.
2. Allow teachers receiving an annuity from TFFR to have payroll deductions subtracted from their monthly benefit, including, but not limited to: health, life, and other insurance premiums payable to PERS, NDRTA dues, NDEA-Retired dues, and federal and North Dakota income tax withholdings.
3. Distribute payments for benefit claims (annuities, PLSOs, refunds, and rollovers) once per month. Distributions including payments made by Electronic Funds Transfers (EFT) will be mailed on the last working day of the previous month payable on the first working day of each month.
4. Distribute special payments for benefit claims in the event of unforeseen circumstances (i.e. death, QDRO, Court Order).
5. Send new account notices and account change notices to retired members.

Monitoring (Method, Responsibility, Frequency)

- Internal Report
 - Disclosure of compliance to the Board through internal audits on compliance with laws, rules, and policies.
 - Periodic presentations by staff at Board meetings.
- External Report
 - Disclosure of compliance to the Board through annual audit by RIO auditors.

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.

Amended: July 27, 2000; July 24, 2003.

POLICY TYPE: TFFR ENDS

POLICY TITLE: TRUST FUND EVALUATION/MONITORING

Ensure actuarial consulting and accounting services are provided to the retirement program. The TFFR Board of Trustees will select the independent actuary for consulting and actuarial purposes and direct a contract be executed by the Deputy Executive Director.

Accordingly, the administrative means will be to:

1. Have an annual actuarial valuation (July 1 to June 30) reviewed or performed on the retirement program.
2. Have an actuarial review of TFFR's actuarial valuation performed at least every ten years by an independent actuary.
3. Have an actuarial experience study performed on TFFR every five years.
4. Have an asset liability modeling study performed on TFFR every five years.
5. Prepare financial statements in accordance with generally accepted accounting principles for defined benefit public pension plans.
6. Have an audit conducted annually in accordance with generally accepted auditing standards (as established by the AICPA) by an independent auditor.
7. Receive an unqualified opinion by the independent auditor regarding the audited financial statements.
8. Perform internal audits on the retirement program which provide the Board with reasonable assurance that TFFR is being administered in compliance with federal and state laws, administrative rules, Board policy, and established procedures.

Monitoring (Method, Responsibility, Frequency)

Internal Report

- Disclosure of compliance to the Board through periodic presentations by staff at Board meetings.

External Report

- Disclosure of compliance to the Board through annual audit and actuarial reports.

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.

TFFR Board Amended: July 27, 2000.

PLAN CHARACTERISTICS

The Teachers' Fund for Retirement (TFFR) was established in 1913 to provide retirement income to public educators. TFFR is a qualified defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code. The North Dakota Century Code (NDCC) Chapter 15-39.1 contains the actual language governing the Fund and is supplemented by Title 82 of the North Dakota Administrative Code.

The responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two classroom teachers or guidance counselors, a school administrator, and two retired members.

The TFFR benefits program is administered through the Retirement and Investment Office (RIO) according to this Statement of Retirement Policy.

TFFR's funds are invested under the direction of the State Investment Board (SIB) following the "Prudent Investor Rule." The investments must be invested exclusively for the benefit of the TFFR members. Four of the TFFR Board members serve as voting members on the 11-member SIB.

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.

TFFR Board Amended: July 1, 1997.

TEACHERS' FUND FOR RETIREMENT RESPONSIBILITIES

1. Establish policies for the administration of the TFFR programs.
2. Submit legislation, monitor the statutory responsibilities of the TFFR programs as outlined in the NDCC, and promulgate Administrative Rules.
3. Establish and monitor actuarial assumptions used to value the retirement plan and to conduct periodic valuations.
4. Establish and monitor retirement benefit and service program goals.
5. Establish and monitor policy for investment goals, objectives, and asset allocation for the Fund.

Communicate and monitor program expectations with the SIB.

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.

STATE INVESTMENT BOARD RESPONSIBILITIES

To provide the staff and resources to carry out the *Ends* of the retirement program through RIO.

TFFR Board Adopted: May 25, 1995.

SIB Accepted: August 30, 1995.